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FOREIGN NEWS ON APPLES

THE BRAZILIAN APPLE MARKET

Brazil produces practically no apples but there is a steady though limited demand for them in Brazilian markets during much of the year. Supplies are drawn very largely from the United States but some fruit is also imported from Canada, New Zealand, Argentina and Portugal. Exports of American apples to Brazil during 1925 amounted to 147,355 boxes and 9,891 barrels and in 1924 to 106,780 boxes and 1,168 barrels. Our exports to Brazil during the period 1919-23 averaged the equivalent of about 43,700 boxes annually and the total imports of apples into Brazil during these five years, according to Brazilian official statistics, averaged the equivalent of 53,600 boxes. These figures indicate that other countries supplied about 10,000 boxes each year. Some additional imports of apples were also undoubtedly listed as "unspecified fruit", but it does not seem likely, that large quantities are included in such figures.

While Brazil produces but few apples the competition of other domestic grown fruit, chiefly tropical and subtropical fruits, has an important bearing on the demand for apples. Oranges, tangerines, pineapples, papayas, mangoes, figs, bananas, etc. are produced in some parts of Brazil practically all the year round. Taking the country as a whole, however, the domestic fruit supply is most abundant from September to April inclusive, a period coinciding, of course, with the period when apples are most plentiful in the United States. The importation of Spanish and Portuguese grapes also has an effect on the quantity of apples imported. Whenever grapes are plentiful in Spain and Portugal the Brazilian market usually receives large shipments.

American apples are very expensive in Brazil, as the cost of placing fruit on the market is high and the trade demands liberal margins for assuming the risks incidental to the business. Apples, accordingly, can be purchased only by the more prosperous classes. Consumers apparently buy apples whenever the fruit is available; there is as yet no marked seasonal demand in the Brazilian market, although most of the purchases are made during the apple shipping season in the United States (Oct. - March) when the weather is hottest in the southern hemisphere. In southern Brazil, where the best market for apples is found, the climate is more uniform the year round, so that the demand for apples is nearly as good at one time of the year as at another.

Varieties and Sizes Preferred in Brazil.

While both barreled and boxed apples are imported into Brazil the demand is principally for the higher grades of boxed apples, not only because boxed varieties better meet the demand for a strictly high class fruit, but also because they usually arrive in better condition and suffer less in storage and handling after arrival. American methods of packing apples for export particularly boxes, are found quite satisfactory in Brazil. There have been only a few instances in which American apples arrived in Brazilian markets in a generally damaged condition, and in these cases the loss has been attributable to the fact that the variety of apples shipped was not sufficiently durable to stand the long journey to South America at the season of the year when the shipment was made.

Of the barreled apples that have been tried, the Ben Davis, Winesaps, York Imperials, Baldwins and Kings are the most popular, in the order named. The Ben Davis is considered to be the best shipper and the best keeper of the barreled varieties shipped to the tropics, and its popularity undoubtedly has been founded on these qualities. Furthermore it can be delivered much more cheaply than the higher class eastern barreled fruit such as the Yellow Newtown and York Imperial. There is a decided preference for large sized Ben Davis. While boxed apples appear to be a luxury and supply the demand of the wealthier classes, the Ben Davis together with apples from Portugal, fill a certain demand for a cheap apple on the part of hotels and restaurants for use in cooking and as an ingredient of fruit salads. In boxed apples the most popular variety early in the American shipping season is the Gravenstein followed later by Jonathans, Winter Bananas, King Davids, Rome Beauty, Winesaps, Stayman Winesaps, Spitzenbergs, Yellow Newtowns, Arkansas Black, Delicious and Ganos.

The sizes most in demand are those running from 72 to 150 to the box but principally 96's to 120's. During the holiday season larger sizes such as 48's to 72's are in demand. In Sao Paulo and southward, where there is a larger demand on the part of the industrial classes, smaller sizes, 175's to 200's find a good market. During the past year many boxes of fancy, well colored, medium sized Delicious have found ready sale in Rio de Janeiro, a fact which indicates that purchases there will take the medium sized fruit as well as the larger sizes.

The Brazilian market in general is essentially a quality market. An apple is not a good seller in that market simply because it is highly colored or beautiful. The fruit is usually closely examined by the prospective purchaser and well tested by smelling for flavor and aroma. Thus it is that varieties like Gravensteins, Jonathans, Winesaps and Yellow Newtowns, all apples with considerable acidity and retaining their flavor when shipped in season, although not always equal in attractiveness to other varieties, are most in demand. The American grower and exporter can be sure that any apple of good flavor and of extra good keeping quality, even if inferior to many others in appearance, is an excellent apple for the Brazilian market.

The Rio de Janeiro Market.

Rio de Janeiro with a population approaching 1,500,000 is the second largest city in South America, the principal seaport in Brazil, and the largest single Brazilian market for American apples. While much of the population of Brazil has a relatively low buying power, in Rio there is considerable wealth and a large amount of industrial development. The population of the city includes a relatively important middle class and a fairly large foreign section, all of which are important factors in considering the market for a luxury product such as American apples.

Rio is the local point for the importation of apples from the United States. Owing largely to the fact that there are either no cold storage facilities or no direct refrigerated steamship services available between the United States and the ports north and south of Rio a large percentage of the American apples consumed in Brazil is imported through that port. In fact 90 per cent of all the apples imported into Brazil are discharged in Rio de Janeiro from whence they are distributed to centers such as Sao Paulo, Santos and Porto Alegre to the south, and Campos, Bahia and Pernambuco to the north, as well as to the many cities inland from Rio with which there are railway connections. For a thousand miles to the north and for a thousand miles to the south of Rio de Janeiro the markets are largely supplied with domestic grown fruits. Both sections, however, do some direct importing, to the north principally from Spain and Portugal and to the south principally from Argentina and Uruguay, but both sections are almost entirely dependent on Rio de Janeiro for apples of American origin. From Rio north to Pernambuco and south to Porto Alegre there is an excellent semi-weekly service of coast steamers amply provided with cold storage space for carrying fruit.

All things taken together the position of Rio is ideal as a single distributing point for American apples in Brazil, and as far as exporters of American apples are concerned, the long coast line and the vast territory of Brazil at present resolve themselves into practically this single point of entry. It is the center of the most populous parts of Brazil, and is more closely connected with other markets than any other port in the country. Within an area of three or four hundred miles inland from Rio there is a population of between three and four million people easily accessible by rail. Apples imported into a warm climate like that of much of Brazil must necessarily be distributed in cities and towns that can be quickly reached, and Rio with its railway facilities to the interior is the best single distributing point for American apples. Rio has adequate cold storage facilities.

Porto Alegre.

There is a good demand for fresh American fruit in Porto Alegre, particularly for apples, pears and apricots, says Consul E. K. Farrand at that post. This city, with a population of 200,000 people, is situated about 1000 miles south of Rio de Janeiro with which it is

connected by frequent rail and passenger steamer service. Peaches, grapes and other imported fruits are also in demand when the local product is out of season, says the Consul, but these fruits if imported from the United States would have to compete with the products of Spain, Portugal and Argentina. The same applies to raisins which are imported in considerable quantities from Southern Europe. The availability of these various fruits of course has an effect on the demand for apples.

American fruit in Porto Alegre is retailed by dealers in stores known as "Especialidades" which correspond to our "Delicatessen" stores. These stores in addition to selling imported fruit, canned goods, liquors and fancy groceries at retail also supply fruit to owners of small stands and house-to-house peddlers. There is no one in the city who imports fruit directly from the United States, all purchases being made from produce dealers in Rio de Janeiro, the orders being mailed, or given to travelers for these houses. It is more economical to purchase in this manner owing to the danger of spoilage and to the lack of direct steamer service with the United States.

Only "Extra Fancy" fruit is desired in the Porto Alegre market and boxed Winesaps, Ortleys, Spitzenburgs and Yellow Newtowns are the most popular varieties. In pears the D'Anjou, Winter Nellis and Manteiga are the most popular. All Pacific Coast Fruit is advertized and sold as "California Fruit" regardless of the state of origin since the name "California" enjoys an enviable reputation in that market. The sizes usually imported are apples running from 80 to 125 to the standard box. Pears imported usually run from 130 to 150 to the box.

The Market in Bahia.

While some American apples are now being sold in Bahia, and more probably could be sold if efforts were made, the abundance of relatively cheap and delicious tropical fruits together with the low purchasing power of 80 per cent of the population and the lack of refrigeration facilities on vessels operating between American ports and Bahia, are factors unfavorable to any important immediate expansion of the Bahia market for American fruit, says Consul Howard Donovan at that post. The present demands of the wealthier 20 per cent of the population which is able to buy this expensive fruit can now be supplied from Rio de Janeiro.

Consul Donovan states that the total imports of apples into Bahia during December and January now probably amount to the equivalent of from 600 to 900 boxes monthly. No statistics are available for the 1924 or 1925 imports but during the three years 1921-23 they averaged the equivalent of only about 500 boxes annually. Most of the American apples coming into Bahia are imported through Rio de Janeiro on cash against document basis via a system of coast line vessels operating out of Rio.

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American apples sell at retail by the case at prices ranging from \$8.00 to \$10.00 per box. Portuguese apples are also imported into Bahia and sometimes apples are brought in from England. Imports from European sources, however, are relatively small. Portuguese apples usually sell below American apples although the best grades, says the Consul, occasionally retail in some stores at the same price as American fruit. Bahia has a strong preference for red apples and American apples are preferred to any other on account of their superior flavor. Most of the importers in Bahia are wholesale grocers who import from dealers in Rio de Janeiro on their own account. While apples are sold throughout the year in Bahia the demand is greatest at Christmas and during the carnival season in February. Cold storage facilities for 2000 cases of apples are available in Bahia.

One local firm at present (Nov-Dec-Jan, 1925-26) importing from 200 to 300 boxes of American apples per month states that it would purchase twice as many if importations direct from the United States could be made instead of through Rio de Janeiro. Better steamship service, with refrigeration facilities will have to be provided between the United States and Bahia before any material increase can be expected in the sale of American apples in that market. Vessels from American ports now calling at Bahia require 16 to 20 days and have very limited if any cold storage facilities for carrying apples. A ten day service with adequate refrigeration accommodations is maintained between Lisbon, Portugal, and Bahia. Grapes, however, constitute the bulk of the fruit imported from Portugal.

Pernambuco.

There is a regular though limited demand for American apples in Pernambuco, which is one of the large cities of Brazil and the most easterly port of South America, says Consul Nathaniel P. Davis at that post. While the demand at the present time is restricted to the upper classes it appears to have good possibilities for expansion. The general spirit of the population of Pernambuco is enterprising and progressive and the city is growing rapidly.

Although no official figures are available local dealers estimate that the total monthly consumption of apples during the height of the importing season - December, January and February - amounts to only about 700 boxes. The present annual consumption is in the neighborhood of about 4,500 boxes. The demand is confined almost entirely to the upper classes since large quantities of excellent native tropical fruit are available at very low prices. The only apples that compete with American apples in this market are those from Portugal which are imported direct. Practically all imports of American fruit are now made via Rio de Janeiro.

American apples sell at much higher prices than Portuguese, nevertheless one merchant estimates that of the apples handled by him about 75 per cent are of American origin. Customers prefer the American product. The range of prices for American and Portuguese apples may be judged from the fact that this dealer paid an average price of \$5.80 per box for Portuguese apples imported direct, while the prices paid for two shipments of American apples purchased from an importer at Rio de Janeiro ranged from \$8.60 to \$10.00 per box.

Although direct sailings are made from New York to Pernambuco regularly the cold storage facilities on these ships are only large enough to care for the needs of the passengers and the crews. Consul Davis states that sales of apples could be materially increased if arrangements could be made whereby the ships with adequate refrigerator facilities now sailing from Atlantic ports to Rio de Janeiro could be induced to call at Pernambuco. This would not only reduce handling of the fruit and freight charges but would place the American exporters in a better position generally to meet competition with Portuguese apples as well as with other fruit on the Pernambuco market. In fact one local merchant states that he would handle the American article exclusively if it could be imported direct. The size of the market would hardly warrant the appointment of an agent at present, but a first class representative should be appointed if some steamship line can be induced to run vessels with suitable refrigeration facilities into Pernambuco.

The Demand for Apples in Para, Manos and Pernambuco.

Para at the mouth of the Amazon, with about 200,000 people, and Manaos, one thousand miles up the Amazon, with about 65,000 people, constitute the only markets for American apples in Northern Brazil and the demand is very limited. Both of these ports have steamship connections with New York and import small quantities of apples. The demand comes principally from the small foreign population and the wealthier classes. Native and tropical fruit is plentiful in North and Northeastern Brazil and can be sold very cheaply in comparison with imported apples.

Ocean Freight Rates.

The freight rate on apples from New York to Rio de Janeiro is \$20 per ton ordinary storage when shipped in cargo vessels and \$22 per ton ordinary storage when shipped in passenger vessels. The refrigerated rate is \$1.00 per cubic foot. A surcharge, collected by the Brazilian port authorities, amounting to about \$2.50 per ton must be added to these rates. Although most of the apples imported into Brazil consist of fruit from the Pacific Northwest there is no refrigerated space available on any of the steamers that now operate between our Pacific Coast ports and Brazilian ports. Two or three lines operating between New York and Rio de Janeiro, however, have regular and frequent sailings of fast steamers with adequate refrigeration facilities and these lines carry practically all fresh fruit moving from the United States to Brazil. About the only exceptions are the small shipments direct from New York to Para and Manaos.

Brazilian Tariff on Fresh Fruits.

Fresh fruits from the United States are exempt from all Brazilian import duties, as a result of an exemption first granted to Argentina and extended to the United States by the "most favored nation" agreement in October, 1923. Canadian apples, however, are not exempt from import duties and are assessed the full rate, which amounts at present (March 20) to 0.308 milreis per kilo, or approximately 2 cents per lb. This rate applies to the gross weight of both boxes and barrels, but a 14 per cent reduction for tare is allowed.

Brazilian Government Requires Sanitary Certificate.

Since November 10, 1923, all fresh fruit imported into Brazil must be accompanied by a sanitary inspection certificate from the country of origin. This certificate in the case of apples from the United States must be issued by an official of the United States Department of Agriculture and in accordance with Article 10 of the regulations covering the Brazilian requirements on imported fruit it must contain the date of inspection, the name of the producer or the exporter, the country, district and locality of production, the nature and quantity of the inspected product and finally a declaration that the fruit is not a carrier of dangerous diseases, insects or other parasites generally considered harmful to crops.

This sanitary certificate must be presented by the importer at the receiving port to the inspector of the "Servico de Vigilancia Sanitaria Vegetal" who will authorize the release of the merchandise. This inspection service has heretofore been carried out by the Fruits and Vegetable Inspection Service of the Bureau of Agricultural Economics along with the regular inspection and certification of grade and quality. Arrangements are now being made, however, whereby the service in the future will be discharged by an official of the Federal Horticultural Board who will issue the necessary sanitary certificate on the fruit intended for export at the same time that the Fruits and Vegetables Inspection Service passes upon the grade and quality.

